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The verdict of the Court of Appeal regarding the settlement of value of annual adjustment of the stranded costs (so-called LTC compensations) for 2009 for PGE GiEK S.A. Branch Lublin Wrotków CHP

The Management Board of PGE Polska Grupa Energetyczna S.A. ("PGE") discloses that on April 27, 2017 the Court of Appeal in Warsaw issued a verdict (the "Verdict") which changed the verdict of the Court of Competition and Consumer Protection of June 10, 2013 in such way that the contested decision of the President of the Energy Regulatory Office (the "ERO President") has been modified, settling the value of annual adjustment of the stranded costs for 2009 for PGE GiEK S.A. Branch Lublin Wrotków CHP due from Zarządca Rozliczeń S.A. at PLN 0.

The Verdict is final and binding. However the ERO President is entitled to file a cassation appeal with the Supreme Court.

The Management Board of PGE expects that the verdict will have a positive impact of approximately PLN 75 million in the first quarter of 2017 on EBIT of Conventional Generation business line.

In connection with the above, the estimated EBITDA of PGE Group and Conventional Generation for the first quarter of 2017, about which PGE informed in the current report no. 23/2017 dated April 25, 2017, will amount respectively to approximately PLN 1,948 million and PLN 992 million.

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The Verdict is final and binding. However the ERO President is entitled to file a cassation appeal with the Supreme Court.

The Management Board of PGE expects that the verdict will have a positive impact of approximately PLN 75 million in the first quarter of 2017 on EBIT of Conventional Generation business line.

In connection with the above, the estimated EBITDA of PGE Group and Conventional Generation for the first quarter of 2017, about which PGE informed in the current report no. 23/2017 dated April 25, 2017, will amount respectively to approximately PLN 1,948 million and PLN 992 million.